



[6450-01-P]

DEPARTMENT OF ENERGY

10 CFR Part 430

[Docket No. EERE-BT-PET-0043]

**Energy Conservation Program for Consumer Products: Landmark Legal Foundation;
Petition for Reconsideration**

AGENCY: Office of Energy Efficiency and Renewable Energy, Department of Energy.

ACTION: Petition for Reconsideration; Request for Comments.

SUMMARY: The Department of Energy (DOE) received a petition from the Landmark Legal Foundation (LLF), requesting that DOE reconsider its final rule of Energy Conservation Standards for Standby Mode and Off Mode for Microwave Ovens, Docket No. EERE-2011-BT-STD-0048, RIN 1904-AC07, 78 FR 36316 (June 17, 2013) (“Microwave Final Rule” or “the Rule”). Specifically, LLF requests that DOE reconsider the Rule because the final rule used a different Social Cost of Carbon (SCC) than the figure used in the supplemental notice of proposed rulemaking (SNOPR). DOE seeks comment on whether to undertake the reconsideration suggested in the petition.

DATES: Any comments must be received by DOE not later than [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Comments must be submitted, identified by docket number EERE–BT–PET–0043, by one of the following methods:

1. *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.
2. *E-mail:* LLFPetition2013PET0043@ee.doe.gov. Include either the docket number EERE–BT–PET–0043, and/or “LLF Petition” in the subject line of the message.
3. *Mail:* Ms. Brenda Edwards, U.S. Department of Energy, Building Technologies Program, Mailstop EE–2J, Room 1J–018, 1000 Independence Avenue, SW., Washington, DC 20585–0121. Please submit one signed original paper copy.
4. *Hand Delivery/Courier:* Ms. Brenda Edwards, U.S. Department of Energy, Building Technologies Program, Room 1J–018, 1000 Independence Avenue, SW., Washington, DC 20585–0121.
5. *Instructions:* All submissions received must include the agency name and docket number for this proceeding.

Docket: For access to the docket to read background documents, or comments received, go to the *Federal eRulemaking Portal* at www.regulations.gov. In addition, electronic copies of the Petition are available online at DOE’s Web site at the following URL address:
<http://www.regulations.gov/#!docketDetail;D=EERE-2013-BT-PET-0043>.

FOR FURTHER INFORMATION CONTACT:

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Ari Altman, U.S. Department of Energy, Office of General Counsel, GC-71, 1000 Independence Avenue, SW., Washington, DC 20585, (202) 586-4224, *e-mail*: Ari.Altman@hq.doe.gov.

SUPPLEMENTARY INFORMATION: The Administrative Procedure Act (APA), 5 U.S.C. 551 et seq., provides among other things that, “[e]ach agency shall give an interested person the right to petition for the issuance, amendment, or repeal of a rule.” 5 U.S.C. 553(e). DOE received a petition from the Landmark Legal Foundation (LLF) on July 2, 2013, requesting that DOE reconsider its final rule of Energy Conservation Standards for Standby Mode and Off Mode for Microwave Ovens, Docket No. EERE 2011 BT STD 0048, RIN 1904 AC07, 78 FR 36316 (June 17, 2013) (“Microwave Final Rule” or “the Rule”).

The Rule was adopted by DOE in accordance with the Energy Policy and Conservation Act of 1975 (EPCA). (78 FR 36316) EPCA, as amended, prescribes energy conservation standards for various consumer products and certain commercial and industrial equipment. On June 17, 2013, DOE published a final rule adopting standby mode and off mode standards, which it determined would result in significant conservation of energy and were technologically feasible and economically justified.

In developing the Rule, DOE issued a Supplemental Notice of Proposed Rulemaking (SNOPR) on February 14, 2012. (77 FR 8555) In this SNOPR, as part of its economic analysis of the proposed rule, DOE sought to monetize the cost savings associated with the reduced carbon missions that would result from the expected energy savings of the proposed rule. To do this, DOE used “the most recent values [of SCC] identified by the interagency process,” which, at the

time, was the SCC calculation developed by the “Interagency Working Group on Social Cost of Carbon 2010.” *Id.* This 2010 figure was developed through an interagency process in accordance with Executive Order 12866.

In May 2013, subsequent to the SNOPR but prior to DOE’s issuance of the Rule, the Interagency Working Group on Social Cost of Carbon released revised SCC values. (Technical Update of the *Social Cost of Carbon for Regulatory Impact Analysis Under Executive Order 12866*, Interagency Working Group on Social Cost of Carbon, United States Government, 2013) As these were “the most recent (2013) SCC values from the interagency group,” DOE included these revised SCC values in the Rule. (78 FR 36316)

Landmark petitions DOE to reconsider the Rule on the grounds that this change in the values used in estimating the economic benefits of the Rule should have been subject to a prior opportunity for public comment because the 2013 SCC values were not the “logical outgrowth” of the 2010 SCC values. Further, Landmark asserts that without reconsideration of the Rule, DOE might now rely on its prior use of the 2013 SCC values in the Rule when it endeavors to enact new energy conservation standards in the future.

In promulgating this petition for public comment, DOE seeks public comment on whether to undertake the reconsideration suggested in the petition. DOE takes no position at this time on the merits of the suggested reconsideration.

Issued in Washington, D.C. on August 12, 2013.

Kathleen B. Hogan

Deputy Assistant Secretary for Energy Efficiency

Energy Efficiency and Renewable Energy

Set forth below is the full text of the Landmark Legal Foundation.

BEFORE THE UNITED STATES DEPARTMENT OF ENERGY
Office of Energy Efficiency and Renewable Energy

| | | |
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| In the Matter of |) | |
| |) | |
| Energy Conservation Program: |) | Docket No. EERE-2011-BT-STD-0048 |
| Energy Conservation Standards |) | |
| For Standby Mode and Off |) | RIN:1904-AC07 |
| Mode for Microwave Ovens. |) | |
| |) | 10 CFR Parts 429 and 430 |
| |) | |

PETITION FOR RECONSIDERATION

Landmark Legal Foundation ("Landmark") respectfully petitions the Department of Energy ("DOE" or "Department") for reconsideration of its final rule on Energy Conservation Standards for Standby Mode and Off Mode for Microwave Ovens, Docket No. EERE-2011-BT- STD-0048, RIN 1904-AC07, 78 Fed. Reg. 36316 (June 17, 2013) ("Microwave Final Rule" or "Rule").

President Barack Obama has directed the issuance of sweeping new environmental regulations on carbon emissions from multiple sources. *See* Raf Sanchez, "Barack Obama to cut emissions in vow to save planet," *The Telegraph*, June 26, 2013, (<http://www.telegraph.co.uk/news/worldnews/n01thamerica/usa/10142279/Barack-Obama-to-cut-emissions-in-vow-to-save-planet.html>). These new regulations will be applied to sources ranging from small appliances to both new and existing power plants. *See* Justin Sink, "Obama mocks skeptics of climate change as 'flat-Earth society,'" *The Hill*, June 25, 2013, (<http://thehill.com/blogs/blog-briefing-room/news/307655-obama-we-dont-have-time-for-a-meeting-of-the-flat-earth-society#ixzz2XF5mgH>).

Each of the new and massive regulatory proposals directed at carbon emission sources will require implementing agencies to conduct "cost-benefit" analysis upon which the public

should be able to make comment. DOE's unannounced, dramatically increased, and improperly altered "Social Cost of Carbon" ("SCC") valuation presented for the first time in this microwave oven regulation will certainly become the standard by which all other agencies will place a purportedly beneficial economic value on new carbon regulations.

Landmark objects to the Department's (and unnamed other agencies) decision to utilize an "Interagency Update" to justify increasing the "social cost" of carbon dioxide without any opportunity for public comment. Finalizing such a far reaching decision without notice and public comment violates the Administrative Procedure Act's (APA) and Executive Order 13563's tenets of transparency, objectivity and fairness in promulgating and finalizing regulations.

Landmark submits this document as a Petition for Reconsideration. However, the egregious violations of the APA as documented in this Petition demand rescission of the Rule. Landmark respectfully requests the DOE halt implementation and begin the regulatory process anew. At a minimum, the DOE's action must be reconsidered and presented to the public for proper consideration and comment. Without public input on DOE's SCC calculation, the agency will utterly fail to adhere to its obligations for transparency under the APA and its duty to comply with the Obama Administration's declared commitment to meaningful public participation. DOE should immediately suspend implementation of this regulation, place it on the public docket and permit comments on the Department's decision to utilize a new and previously unknown "interagency update" for calculating the values used to quantify the "Social Cost of Carbon" or "SCC."

BACKGROUND

On June 17, 2013, pursuant to the Energy Policy and Conservation Act and the Energy Independence and Security Act, ("EPCA" and "EISA 2007," respectively) DOE promulgated a final rule establishing "energy conservation standards" for microwave ovens. 78 Fed. Reg. 36316.

The final rule uses a new valuation for SCC that is different from -- and dramatically higher than -- that used in the proposed rule during the notice and comment period. See, 77 Fed. Reg. 8555 (Energy Conservation Standards for Standby Mode and Off Mode for Microwave Ovens, Supplemental Notice of Proposed Rulemaking and public meeting, Feb. 14, 2012). This new valuation appears in Table IV-14 of the new rule and, apparently, is derived from the "2013 Interagency Update, 2010-2050." 78 Fed. Reg. 36351. The new value is important because it serves as a key data factor in all cost-benefit analyses performed involving carbon dioxide. Despite its curious and surreptitious integration into a rule pertaining to microwave ovens, this new estimate appears to apply to all federal agencies engaging in cost-benefit analyses involving carbon dioxide emissions. DOE states, "the purpose of the SCC estimates presented here is to *allow agencies* to incorporate the monetized social benefits of reducing CO₂ emissions into cost- benefit analyses of regulatory actions..." 78 Fed. Reg. at 36349 (emphasis added).

While the final rule utilizes an "interagency update" for establishing SCC values, the proposed rule does not contain these updated figures. See 78 Fed. Reg. 36351 and 77 Fed. Reg. 8555, respectively. Instead, the proposed rule provides SCC values derived "from three integrated assessment models." 77 Fed. Reg. 8555. There is significant deviation in SCC estimates from the models used in the proposed rule to the models used in the final rule. For

example, in the proposed rule, the Social Cost of Carbon, under one discount rate is estimated to be \$23.80 dollars per metric ton by 2015. 77 Fed. Reg. 8555. That number rises to \$38 dollars per metric ton under the new estimates provided in the final rule. 78 Fed. Reg. 36351.

It appears these new figures were inserted into the existing rule without any opportunity for public comment on their efficacy. Such new values will dramatically affect cost-benefit analyses. Any federal rule limiting carbon dioxide emissions will now appear considerably more valuable than under previous analyses.

DOE acknowledges that any effort to "quantify and monetize the harms associated with climate change" raises "serious questions of science, economics, and ethics..." 78 Fed. Reg. at 36349. It also reports that it arrived at these estimates "as part of [an] interagency process "where numerous agencies met on a regular basis..." Id. However, there is no indication that DOE, or any other governmental entity, sought specific comments from the public on its new estimates. DOE states that preliminary assessments that established "interim values" for the SCC were subject to the traditional notice and comment procedures, "the results of this preliminary effort were presented in several proposed and final rules." Id. Yet, DOE has not made these new estimates available for public comment. Instead, DOE, along with a number of other federal agencies, arrived at these new figures through some sort of "interagency process" and published them in a final regulation on microwave oven power modes.

ARGUMENT

A. DOE Violated The Administrative Procedure Act By Failing To Allow The Public The Opportunity To Comment On Its New Values On The Social Costs Of Carbon.

The DOE's effort to cloak its actions by dubiously inserting a crucial cost-benefit metric into a rule pertaining to microwave oven standards does not withstand scrutiny under

the APA. It appears that DOE inserted its new SCC estimates into the regulation without first publishing these estimates in a format allowing for public comment. Unilaterally establishing a wide ranging metric that will be used in all cost-benefit analyses for regulation of greenhouse gases violates the fundamental principles of the APA and would not survive judicial scrutiny.

The APA mandates that an agency "shall give interested persons an opportunity to participate in the rulemaking through submission of written data, views, or arguments with or without opportunity for oral presentation." 5 U.S.C. § 553(c). The purpose of a robust comment period "is to allow interested members of the public to communicate information, concerns, and criticisms to an agency during rulemaking process." *Connecticut Light & Power Co. v. Nuclear Regulatory Com.*, 673 F.2d 525, 530 (D.C. Cir. 1982). Such a period allows "the agency to benefit from the experience and input of the parties who file comments... and to see to it that the agency maintains a flexible and open-minded attitude towards its own rules." *National Tour Brokers Ass'n v. United States*, 591 F.2d 896, 902 (D.C. Cir. 1978).

Therefore, the notice and comment period "encourages public participation in the administrative process and educates the agency, thereby helping to ensure informed agency decisionmaking." *Chocolate Manufacturers Assoc. v. Block*, 755 F.2d 1098, 1103 (4th Cir. 1985), (citing *Spartan Radiocasting Co. v. FCC*, 619 F.2d 314, 321 (4th Cir. 1980)); *BASF Wyandotte Corp. v. Castle*, 598 F.2d 637, 642 (1st Cir. 1979)). Providing adequate notice of a significant change in a proposed rule gives "the public the opportunity to participate in the rule-making process. It also enables the agency promulgating the rule to educate itself before establishing rules and procedures which have a substantial impact on those regulated." *Texaco, Inc. v. Federal Power Commission*, 412 F.2d 740, 744 (3'd Cir. 1969). When an

agency fails to properly adhere to the APA's notice and comment procedures "interested parties will not be able to comment meaningfully on the agency's proposals."

Connecticut Light & Power, 673 F.2d at 530. Moreover, "the agency may operate with a one- sided or mistaken picture of the issues at stake in a rule-making." *Id.* Finally, where, as here, an agency has made a fundamental change in a critical component of its analysis, the agency has a duty to inform the public.

"[H]iding or disguising the information that it employs is to condone a practice in which the agency treats what should be genuine interchange as mere bureaucratic sport. *An agency commits serious procedural error when it fails to reveal portions of the technical basis for a proposed rule in time to allow meaningful commentary.*"

Connecticut Light & Power, 673 F.2d at 530-531.

Thus, a proper notice and comment period improves the "quality of agency rulemaking by testing proposed rules through exposure to public comments. Second, the notice requirements provide an opportunity to be heard, which is basic to fundamental fairness. Third, notice and comment allows affected parties to develop a record of objections for judicial review." *United Church Bd. For World Ministries v. SEC*, 617 F.Supp. 837, 839 (D.C. Dist. 1985), citing *Small Refined Lead Phase-Down Task Force v. EPA*, 705 F.2d 506, 547 (D.C. Cir. 1983).

Finally, an agency "is required to renote [its proposed rule] when the changes [to that rule] are so major that the original notice did not adequately frame the subjects for discussion." *Connecticut Light & Power*, 673 F.2d at 533. If the agency's changes are a logical outgrowth of the proposed rule, "the agency need not renote [such] changes." *Id.* See also, *Weyerhaeuser Co. v. Castle*, 590 F.2d 1011, 1031 (D.C. Cir. 1978).

DOE eschewed all of these principles when it made a significant change to its rule.

B. DOE's Unilateral Decision Is Not A Logical Outgrowth From The Proposed Rule And Will Have Wide Ranging Implications.

By inserting a new estimate for SCC values, DOE denied interested parties the opportunity to comment on DOE's motivations, methodologies and conclusions in reaching said values. The public has also been denied the opportunity to question the calculations utilized by the "Interagency Working Group on Social Costs of Carbon." Instead, these new values were unilaterally placed into a final regulation with no notice or opportunity to comment. These new values are not a logical outgrowth from the proposed rule. In fact, DOE notes in both the proposed and final rules, "that a number of key uncertainties remain, and that current SCC estimates should be treated as provisional and revisable..." 77 Fed Reg. 8555, 78 Fed. Reg. 36351. DOE acknowledges that "key uncertainties remain," yet disregards its obligation to receive potentially instructive information by providing a forum for public comment.

Additionally, these changes are significant and wide reaching. DOE concedes that other agencies will utilize these new values when calculating the costs and benefits of rules relating to greenhouse gasses. It states, "the purpose of the SCC estimates presented here is to allow agencies to incorporate the monetized social benefits of reducing CO2 emissions..." 78 Fed. Reg. 36349. With this unilateral change, agency cost benefit analyses will be drastically affected. Going forward, any federal rule limiting carbon dioxide emissions will appear considerably more valuable than under previous analyses. Such a change could "have wide-ranging implications for everything from power plants to the Keystone XL pipeline." Mark Brajem, "Obama Quietly Raises 'Carbon Price' as Costs to Climate Increase." Bloomberg.com, June 12, 2013 (Attached as Exhibit A.) In choosing to bypass the mandated

notice and comment procedures for this significant change, DOE has violated the APA. The Department can rectify this violation by halting the regulation's implementation and allowing for public comment.

C. DOE Disregarded Executive Order 13563 When It Failed To Provide For Notice And Comment On The New Data.

On January 18, 2011, President Obama issued an executive order requiring that agency rulemaking "shall be adopted through a process that involves public participation." Executive Order 13563, Improving Regulation and Regulatory Review. In particular, the President's executive order provided:

To promote that open exchange, each agency, consistent with Executive Order 12866 and other applicable legal requirements, shall endeavor to provide the public with an opportunity to participate in the regulatory process. To the extent feasible and permitted by law, each agency shall afford the public a meaningful opportunity to comment through the Internet on any proposed regulation, with a comment period that should generally be at least 60 days. To the extent feasible and permitted by law, each agency shall also provide, for both proposed and final rules, timely online access to the rulemaking docket on regulations.gov, including relevant scientific and technical findings, in an open format that can be easily searched and downloaded. For proposed rules, such access shall include, to the extent feasible and permitted by law, an opportunity for public comment on all pertinent parts of the rulemaking docket, including relevant scientific and technical findings. Id.

For reasons set forth above, the DOE's actions also violate the principles outlined in President Obama's order.

CONCLUSION

Landmark respectfully requests DOE immediately halt implementation and rescind the Rule. In the alternative, Landmark requests DOE adhere to the mandates of the APA, and subject the changes documented in this Petition to a proper notice and comment.

Respectfully Submitted,

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JULY 2, 2013

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